"Torrent Pharmaceuticals Limited Q4 FY24 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY24 Earnings Conference Call of Torrent Pharma.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sudhir Menon – Chief Financial Officer and Executive Director, Finance. Thank you and over to you, sir.

Sudhir Menon: Thank you. Good evening to all and thank you for joining us for the 4th Quarter Earning Call for FY24. We have completed Quarter 4 and the year on a good note.

All our businesses have performed well. US has registered degrowth this quarter. US should start contributing positively to the overall growth in FY25. In terms of financial performance highlights, revenues were Rs. 2,745 crores, up by 10%. Operating EBITDA for the quarter is Rs. 883 crores, up by 21%. Operating EBITDA margins stood at 32%. The Board of Directors have recommended a final dividend of Rs. 6 per equity share. And the overall leverage as at March 31, 2024 now stands at 0.87x.

I will now hand over the call to Aman for India business.

Aman Mehta: Thanks, Sudhir. India revenue at Rs. 1,380 crores registered a growth of 10%. As per the AIOCD secondary market data, IPM growth for the quarter stands at 9%. Torrent's chronic business grew at 14% versus the IPM growth of 12%.

Growth was driven by new launches in the chronic therapies particularly antidiabetic, performance of top brands in our focused therapies and augmented by field force expansion in core therapy areas along with the consumer health business traction. Shelcal 500 continues to grow robustly across all states and regions where we have invested in advertising and OTC marketing. And we continue to invest further in the other OTC brands, which are Tedibar, Ahaglow and Unienzyme due to the positive response that we have seen in the last few quarters. At the end of the quarter, Torrent has 20 brands in the top 500 of the IPM with 17 brands, more than Rs. 100 crore sales as of MAT March 2024.

Field force strength at the end of the quarter stands at 5700. We expect the India business to continue outperforming the market growth in the coming quarters and our focus in the new financial year will be to improve our market share in chronic therapies, expand through new launches in in existing therapy areas, improving field force productivity in the expanded divisions and regions and continue the scale up of the consumer health portfolio.

I will now hand it over to Mr. Sanjay Gupta for the international business.

Sanjay Gupta: Thanks, Aman. So, first to begin with Brazil, so for the Fiscal Year '23-24, Brazil became our largest affiliate outside India with an annual revenue of Rs. 1,126 crores. As per IQVIA, during the year, market growth in Brazil was at 10% and Torrent growth was at 14%. For '23-24, our revenue in local currency was 671 million BRL, growing at a rate of 12%. It brings us a step closer to our goal to reach a billion BRL in Brazilian local currency revenues. In Q4, constant currency revenue was BRL 222 million, registering 11% year-on-year growth. Growth is supported by the robust pricing environment, volume growth and new launch momentum. We had a consistent pace of new launches. There were four in 2022, three in 23 and two in FY24. Going forward, we intend to maintain 3 to 5 branded launches per year. We recently obtained approval of Lisdexamfetamine**,** which will be our first product in the large CMS segment of ADHD. Our generics business continues to show momentum and accounted for annual sales of 92 million BRL at a growth rate of 31% over the prior year.

Moving on to Germany, our German business has registered a full year revenue of €120 million at a growth rate of 8%. For the quarter, revenue was at €31 million, up by 8%. For the last 5 quarters, we have increased our overall value of wins in tenders. This trend continued during the current quarter and will lead to incremental sales starting from Q2 of '24-25. The wins are due to cost optimization efforts, which are essential to maintain our competitiveness in tenders. New product launches continue at a sustained pace in Germany. During '23-24, we launched 8 new products with the expectation to launch between 10 to 15 products in '24-25. During the year, we also increased the number of sales reps in Germany and increased our pharmacy coverage from 5000 to 8000 pharmacies out of a total of 17,000 pharmacies in Germany. Our overall share in the German generic market is now at a 2-year high of close to 6%.

In the US, we registered constant currency revenues of $32 million, down by 7%. Sequentially, the US business has delivered stable revenues backed by new contracts, which have helped mitigate the impact of several new competitors for our leading product, which is **Dapsone.**

To conclude, our focus will remain on deepening our presence in branded generic markets while continuing to grow in Germany and returning to profitable growth in the US. Dorwin, we can open the call up to questions please. Thank you.

Moderator: Certainly, sir. Thank you. We will now begin the question and answer session. We have the first question from the line of Damayanti Kerai from HSBC. Please go ahead.

Damayanti Kerai: My first question is on India business. So, you ended the year at 14% growth. So, how should we look at growth trajectory in FY25 from this high base and if you can also talk a bit about the key growth drivers in terms of price, volume or contribution?

Aman Mehta: So, if we look at the April external data, AIOCD or IQVIA, the market growth rate is about 9% and we think that's likely to sustain for the rest of the year. And we believe we should be well placed to grow a couple of percent, maybe 2%-3% higher in that. In terms of therapy areas orfocus areas remain the same, improving chronic market share. In terms of growth breakup, we registered a growth of 15% in the AIOCD data in Q4. So, the breakup of that is 3% volume, 8% price and 4% new products.

Damayanti Kerai: So, this price contribution obviously is on higher side compared to I guess in the prior year. So, should we assume some moderation there or do you think this high single digit kind of price contribution can be sustained?

Aman Mehta: Usually it's been in this range, quarter-to-quarter the reflection might be slightly different, but we believe that within this range of 7% to 8% should be sustainable.

Damayanti Kerai: And also if you can talk a bit more about your progress in the consumer health basket in India, like where are you spending majorly in terms of growing those brands etc.?

Aman Mehta: So, the most visible successful impact that we have seen is in Shelcal. And that's purely because of the scale of the brand and the established legacy which added with the consumer spends has given pretty good results. So, we'll continue to invest more in Shelcal. Tedibar, we have kind of started in the last six months and again it's a relatively smaller scale of investment that we have done, but the results are again quite positive. So, we might scale up a bit more on Tedibar. Ahaglow and Unienzyme are the other two where we have put them on a slightly lower priority. At least that was the case in the previous financial year in FY24. FY25, we might continue the same mix. So, broadly speaking, the priority should remain the same, led by Shelcal and Tedibar.

Damayanti Kerai: Ok and my last question, do you have plan to expand the MR team in your India business or do you think like current team is good enough to pursue the growth opportunities?

Aman Mehta: We have the same plan that we mentioned in the previous quarter that we believe organic growth will require maybe annual expansion of 300 to 400 MRs every year and that's the plan this year as well. So, possibly by the end of this year we should be at about 6000 MRs.

Moderator: Thank you. The next question is from the line of Neha Manpuria from Bank of America. Please go ahead.

Neha Manpuria: First, Sanjay on the Brazil business, obviously we have seen pretty good growth this year. I know you've mentioned in the past you're launching more products. How should we look at growth from the current base, should we assume that the growth momentum that we have seen this year sustains going forward, the mid-teens sort of growth that continues on a constant currency basis?

Sanjay Gupta: Yes, I think Neha, that's a safe assumption given that in April we saw a price increase given by the government at about 4.5% plus the volume growth plus new product launches and strong growth in our GG segment. We should be comfortably closer to 15% than to 10%.

Neha Manpuria: And how many product launches are we planning in business? Sorry I missed that.

Sanjay Gupta: So, here I suffer from a surfeit of riches because we have a lot of products which are filed and approved. But given that we have three teams and since we are selling branded generics, we like to ideally launch two products per team per year. So, that would give me about 6 products. So, I would launch between 4 and 6 products every year with the current business that I have.

Neha Manpuria: And any plans to expand this team, given the growth that we are seeing in that market, could it see more people addition to accelerate this growth?

Sanjay Gupta: Not in the short run because if you recall, last year we added an entire new CNS team with 120 sales reps. So, for now, we are good, yes.

Neha Manpuria: My second question is on margins. Sudhir, we have been doing margin expansion year after year. You've always indicated the scope for margin expansion. Given the base we are, do you still think margin can continue to improve for Torrent going forward?

Sudhir Menon: Yes, I think as we guide every quarter or every year that there is a potential for the margin to improve between 50 basis point to 100 basis point depending upon how the branded segment and generic segment perform. I think positive I see in this year, which is FY25 is, I think US should contribute in a positive way both to the topline and bottomline. So, I think at this point in time, margin expansion at least between 50 to 100 basis points is definitely possible is what I believe.

Neha Manpuria: And this margin expansion that we have seen in FY24 has come from all businesses and in India of course would have expanded, but outside of India, is it fair to assume that Brazil, Germany and US has also seen margin expansion?

Sudhir Menon: I would say so.

Neha Manpuria: Understood. One last question. Thoughts on M&A, your name keeps cropping up in quite a few deals, and I also saw obviously the enabling approval for fund raise. So, now that Curatio has absorbed, you sort of ramped up that acquisition, how should we think about M&A going forward?

Sudhir Menon: So, I think Neha, as far as the equity issuance resolution is concerned, it's an enabling resolution which we did every year for that Rs. 5000 crores so that we have the preparedness in case something is happening, right. But so far nothing. I mean that resolution has not been used so far, so that's point number one. I think point #2 at this point in time, there's no proposal which I can say, which is in the pipeline, which we have been evaluating.

Neha Manpuria: In either of your markets, India outside India?

Sudhir Menon: Yes At this point in time, no.

Moderator: Thank you. We have the next question from the line of Tushar from Motilal Oswal. Please go ahead.

Tushar: So, just on Shelcal in particular at least AIOCD number is not reflecting or maybe it's reflecting 8% to 10%. So, with that because even if it is okay, it would be sort of picked up from the chemist shop**.** So, just trying to understand, why that growth is not getting reflected in the IMS?

Aman Mehta: We have explained this in the previous call that given that some part of the sales shifts to OTC stockists, they don't get reflected in the AIOCD or IQVIA panel and this is a normal phenomenon in either OTC brands or brands that have been switched. So, because of that, the growth reflection wouldn't always reflect what the actual performance is like. We can just guide you that in the internal numbers Shelcal 500 growth for the year was in the high teens.

Tushar: Understood. And the overall OTC issue, good share, how much was the business and how much would have gone a phenomenal growth, but how much would be the OTC business now for FY24?

Aman Mehta: So We are not looking at it separately because we have still continued some of the brands in the prescription side as well. So, we haven't separated the whole OTC basket into a separate division or separate entity. We look at it still as a combined sales contribution in Rx plus OTC, it is that the spends are looked at separately. So, we're investing in consumer plus the prescription spends as well.

Tushar: This is with respect to Germany business where we had good number of tender wins over past 3 to 4 quarters, but the FY24 growth in constant currency is about 8%. So, safe to assume that FY25 would be much better than '24 in terms of growth for Germany business?

Sanjay Gupta: Better, I don't know, but at least to the same level I can tell you that with the wins that we have, high single digit growth in Germany is a fairly safe assumption.

Moderator: Thank you. The next question is from the line of Shyam Srinivasan from Goldman Sachs. Please go ahead.

Shyam Srinivasan: So, the first one, trade generics. So, how has the progress been in fiscal 24 for trade generics? And just a related question, many of your peers have actually made a separate subsidiary of trade generics. The words that one CEO used was agility and focus. So, just want to understand what's happening in general in the space in terms of trade generics and what's our strategy there?

Aman Mehta: I would say overall it's been a pretty good year for our trade generics business. I don't recall the exact number, but the growth for that segment has been upwards of 20%. So, overall, it's been as per plan and profitability wise, it is doing decently well-compared to what we anticipated earlier, that's because we have been focusing on brands which have been shifted from the Rx side to the trade generic side. So, there's an inherent kind of demand that's being capitalized on further. In terms of shifting to separate entities, we don't have any plans to do so right now. I think for that we would probably want to be at a much bigger scale than we are right now and we had also mentioned this earlier that we don't anticipate this to be a larger segment of the overall business compared to the current scale, which is at 2.5% to 3% and we think this high growth should continue for at least this financial year and maybe the next financial year, after which it should start tapering down.

Shyam Srinivasan: Aman, just on the market, just the fact that why are some of these companies attempting to do a subsidiary, is just the scale point or you think you're seeing competitive intensity in this space pickup?

Aman Mehta: No, that would be hard to comment on, but obviously other companies have been looking at this space aggressively as well and which way each company has been approaching, it may be different, but can't comment on why that could have happened in other companies' cases.

Shyam Srinivasan: And the last question on this trade generic, there was this notion that trade generics may tend to impact acute volumes more and which is why IPM volumes have been generally weaker. But what stops even chronic volumes to also be impacted by trade generics? Is there any impediment that prevents even chronic volumes to start moving towards trade generics?

Aman Mehta: We have tried it ourselves and we have struggled to gain any traction, so we haven't added many more products in the chronic space and there could be various reasons for that. One is generally that acute is a very short lived prescription. So, every time there is a new acute patient, there would be a new need for a new product or a new brand and that's where your chance of that change is higher, but overall, in the chronic space, we still believe that it's difficult to get higher share of generics. Inthat sense, I don't see the IPM getting impacted in the chronic space because of trade generics, we continue to believe that all the segments will have their own space. Trade generics will grow at its pace, branded will grow at its pace. And that's been playing out in our case and we have been seeing that in the market numbers. And I think this year's April data at least shows as well that there isn't really any, that kind of impact on branded volumes because of trade generics.

Shyam Srinivasan: Helpful. My last question is on the US business. Opening remarks, I think Sudhir you mentioned that we are foreseeing growth in the US after many years of decline. So, what are the drivers of it? Is it new launches? Is it lower price erosion and general outlook on the US business in terms of a medium to longer term, how committed are we to maintenance or sustain and maybe grow this business as well. Thank you.

Sanjay Gupta: So, firstly, the reason for why we anticipate growth is we expect about 8 on time approvals this coming here. So, depending upon what product gets approved, we expect a positive revenue momentum. So, out of the 8, the first one is already launched. There's seven more depending upon which month etc. they get approved. We think they can at least 3-4 of them can generate material revenues for us and in terms of US business, we remain committed. We are not disproportionately committed to the US business. It's one of the four growth drivers that we have along with India, Germany and Brazil. But we have no plans of decreasing our commitment to the US market. On the contrary, we are looking at ways because our plants have been cleared, except for Indrad all other plants are FDA cleared right now, we all have no action indicated and our pipeline and external business development efforts are ramping up. So, I think over the medium term, we would anticipate a business of $250 to $300 million as new product launches come in. So, we prioritize it along with our, I mean India is of course our top priority, but Brazil, Germany and the US are on equal footing. So, no plans to scale down.

Moderator: Thank you. We have the next question from the line of Harsh Bhatia from Bandhan Asset Management. Please go ahead.

Harsh Bhatia: Just two quick ones. One, if at all that's possible for the Brazil in terms of the constant currency growth, the 12%-13% that we have reported in this year, is there a way to sort of split that into let's say pricing versus volume or anything that's possible for us to understand how that market is progressing, because the new introductions or the new product launches would be a substantial part of the growth over there, given how the market is behaving. So, anything in that aspect?

Sanjay Gupta: So, for Brazil, in terms of price, volume growth, price growth would be about 4%, new products would be about 2% and the rest would be volume growth.

Harsh Bhatia: And you mentioned on your previous comments that Brazil should possibly do sort of a 14%-15% growth, if I am not wrong in FY25?

Sanjay Gupta: Correct.

Harsh Bhatia: And lastly in terms of the margins, just to sort of better understand the 50 to100-bps potential. I think last quarter you made a comment that operating leverage in Brazil is higher as compared to the India potential to that extent. So, if you could tear it or bucket it categorically to help us better understand that margin improvement also keeping in mind the OTC part of the India business. How important that is once it scales up to a certain level, I understand that these are already large products to that extent and you might be adding more and more products, but I am just trying to understand that margin movement if at all and that OTC is an important part or you still feel that a large part of it continues to be the Brazil or division?

Sudhir Menon: Yes, I will take that question. So, I think from a margin improvement perspective or guidance, which we have given 50 to 100 basis points assumes all the incremental spend which we are planning for FY25 for the consumer health segment. So, that's point #1. I think point #2, when we save 50 to 100 basis points, it's a mix of basically price increases which are taken across all these branded generic segments and certain amount of operating leverage, which plays out both in terms of generic markets as well as the branded markets. And add to that if the new product starts flowing in, in the US, that should also have a positive impact on the overall profitability. So, I think combined all, we feel that 50 to 100 basis point is somewhere we should be able to demonstrate margin improvement.

Harsh Bhatia: So, if I may, the OTC margins as such are going to be more or less stable because of the incremental investment. So, that will not be a part of this overall bucketing as such or at least would be one of the last criterias because of the investment made to that extent?

Sudhir Menon: Yes, the only problem is we're not tracking OTC margins separately because these products which we have selected for the consumer health segment, are the ones which are there on the prescription platform as well, right? So, as Aman said in this call before, is that expenses is something which we keep on looking at and the way we track is that wherever we run the programs on these brands from a consumer health segment perspective, we try and compare the growth in these regions versus the other regions where the program is not done and there we see positive outcomes, which are visible. And therefore, we feel that the spend is becoming more effective as we go on even for FY25 and therefore whatever we have planned in terms of incremental investment on those 4 or 5 brands which we spoke about, after considering those incremental investments, we still feel that there's room for the margin to improve by 50 to 100 basis point.

Moderator: Thank you. The next question is from the line of Gagan Thareja from ASK Investment Managers. Please go ahead.

Gagan Thareja: Question around gross debt. Can you enumerate the gross debt number and also how should we think of debt reduction for the coming year and thereafter?

Sudhir Menon: I think the gross debt at a consolidated level was Rs. 3900 crores. And I think the way to look at is that at least for FY25, we should have a similar run rate in terms of repayments what we had in FY24, which is roughly 1300 or maybe 1300 to 1500 is something which is possible. We'll see if something additional is possible based on the cash flow generation and achievement which we have for FY25, but that's the minimum I think we should take into consideration.

Gagan Thareja: Right. And the second question is around the tax rate. If you could guide us for the tax rates in the next couple of years as well?

Sudhir Menon: So, I think for FY25, we should be around 30%. And come FY26, we should start getting into the new tax regime that may happen maybe a quarter or 2 quarters in FY26. And so therefore, FY26, I can take a mix of 30 and 25 and should land up somewhere on a full year basis at 27% is what I feel today.

Gagan Thareja: And would softening in API prices have helped gross margin in FY24 and if so, to what extent?

Sudhir Menon: No, I think from our portfolio perspective, when I look at the overall COGS per pill, I don't see a major movement in terms of either the API price is going up or falling down substantially, I would say. So, it's a normal increase or decrease which we see in some pockets of API purchases, but nothing significant to really say that that's one of the causes for improvement in margins. I think the second thing what we have done is in order to become more cost efficient from a Germany portfolio perspective, there's good amount of work, which has been done in terms of reengineering certain processes and looking at alternate API which has played out from a Germany business perspective, but I think on an overall basis, I won't say it's a significant contributor.

Gagan Thareja: And the current sort of sharp spike in freight costs in transit times around Red Sea, do you foresee any impact from that?

Sudhir Menon: Yes. So, we have seen an impact coming in Quarter 4. So, my freight expenses have gone up by around Rs. 10 crores compared to quarter three.

Gagan Thareja: And does the increased transit time impact your working capital also?

Sudhir Menon: No, not really. In fact, I think FY24, the underlying working capital has come down from 110 days to 90 days.

Gagan Thareja: Just a final question, the OTC policy is expected to be notified fairly shortly if I understand it correctly. How do you see this? I mean sort of leading to an evolution in the India business, for Torrent specifically and generally in the market in terms of offering you newer distribution channels and perhaps channels with a different business economics?

Aman Mehta: So, it's unclear yet what form or final shape it would take, but any such policy if implemented, would provide an opportunity for brands which are categorized as OTC to increase their reach. So, we would obviously be able to capitalize on that.

Gagan Thareja: But do you see it causing a marked benefit to your India portfolio or you think it's a development which might on the margin help but not push or move the needle?

Aman Mehta: It may not move the needle that much. It will help incrementally, but we don't see the changing that much of operation, no significant impact I would say.

Gagan Thareja: And on the US pricing environment, do you foresee the next year also to be benign?

Sanjay Gupta: Not too big. It's too far away. I think it's never benign. It might be a temporary.. The buyers are always looking for an incremental savings. So, the habits are ingrained.

Moderator: Thank you. The next question is from the line of Punit Pujara from Helios. Please go ahead.

Punit Pujara: So, out of this Rs. 10,700 crores revenue that you clocked this year, what is the share of branded generics market put together as a whole?

Sudhir Menon: It is around 73%.

Punit Pujara: Sure. And in the rest of the world market, in past, you have highlighted that there are seven key markets where you have been focusing. So, could you just update about the strategic outlook and the kind of growth that you are expecting in this market because I think this is a while since you spoke on this specific rest of the world market?

Sudhir Menon: So, I think historically the seven markets which you're talking about has been registering 12% to 13% growth. Probably last year the growth was a little lower because of certain countries having political issues, economic crisis and so on so forth. But I think, things are now settling down and I think the outlook for that market should be 12% to 13% growth continuing over the next 2 to 3 years.

Punit Pujara: Sure. And a very quick one, what is the revenue from the rest of the world market for the year?

Sudhir Menon: So, the 7 markets you're talking about, right? I mean, which is Philippines, Malaysia, Nepal and all right.

Punit Pujara: I meant for the RoW markets as a whole which we used to report earlier as a separate line item?

Sudhir Menon: Right. So, I think that's around 85 million, I would say 85 million around.

Moderator: Thank you. The next question comes from the line of the Dhawal Khut from Jefferies. Please go ahead.

Dhawal Khut: You are increasingly sounding bullish towards your US business. So, will that entail some increase in R&D? What's the outlook for R&D and out of the total R&D ballpark, how much is towards US?

Sudhir Menon: No, I think that's a wrong impression which you got that we are very bullish on US business. I think, from our perspective, we wanted to at least make US business profitable, right? I mean, that's our objective which we have taken over the next 2-3 years. And how it helps is that since the plants are cleared and there's some amount of pipeline which we see playing out over the next 2-3 years, what we meant is the growth momentum should start as far as US is concerned. And within this pipeline or approval, which is going to flow over the next 2 to 3 years, we feel there could be an opportunity to make reasonable amount of revenues and profits in terms of those products getting approved on time. So, therefore, US, which has been negative so far will start contributing positively to the overall topline and bottomline. For example, if you look at quarter 4, our overall growth is 10%. Ex of US, the growth is around 12%, so at least the US which has been contributing negatively, at least from FY25, we should see a positive momentum and therefore a better growth on an overall basis. So, that's something which we were trying to convey.

Dhawal Khut: And on India business, top players, large players in India, they are increasingly moving towards differentiated products like launching in-licensed patented product, launching biosimilars, so can you subjectively give some initiatives that we are taking and what's in our pipeline in terms of differentiated products, niche products which can stand out in their market?

Aman Mehta: I mean, most of the business is driven with the patent expiration pipeline where we have been in the top three ranks and almost every launch in the last 2 years. And that's been really our focus on maximizing market share. In terms of differentiated products, we have also been looking at licensing. Last one year, we have had two deals both in the chronic space. Both are doing quite well. We continue to look at more licensing deals and should hope to close at least one in the next coming quarters. So, our focus remains the same that the biggest kind of growth initiative is to maximize market share in the patent expiration launches and they should be aided by these licensing deals or licensed products.

Moderator: Thank you. The next question is from the line of Gagan Thareja from ASK Investment Managers. Please go ahead.

Gagan Thareja: Sir, for the US business, is it possible to sort of help us understand at what sales run rate, do you foresee turning around and secondly, at optimal levels, what sort of a margin when you hit optimal profitability,what sort of margin swing on an overall basis it can contribute to?

Sudhir Menon: Gagan, I think at this point in time the US business is very small for us, right, I mean, so all the efforts are being made to see that at least the base starts increasing. So, at this point in time, if you ask me all these questions, it's very difficult for us to really tell you at what point it will be profitable, what is the margins we are aiming at. I think the immediate objective over the next 2-3 years, is to see I think post all the expenses we get into a positive zone as far as the US is concerned. Now that can happen in 2 years, it can happen in 3 years. May be at some point where we see positive momentum happening for the US, that would be the right time to talk about those aspirations and when and what margin profile we are looking at based on the pipeline, which we are developing.

Gagan Thareja: And you indicated that over the medium term, you aspire to go to US $250 to $300 million. When you say medium term, it's possible to enumerate it, what's the timeline for this?

Sanjay Gupta: A lot depends upon new launches, right? So, in my mind, is we're talking about 3 to 5 years' time, right.

Moderator: Thank you. The next question is from the line of Dinesh Pathak from WhiteOak. Please go ahead.

Dinesh Pathak: This new OTC policy, whichever form or shape it is currently, and I am sure you would have been consulted and given your feedback. So, if you can just share like what are the key salient points or features that are expected to or are being discussed in this OTC policy?

Aman Mehta: It's out in the public domain, so I think whatever has been the intention is to ensure that OTC brands firstly are safe and only the safe products and safe brands are available for patients or consumers without a prescription and the other is obviously how can these products reach as many patients or consumers as much as possible. And looking at in the other markets that we operate, there are other channels that usually are involved in OTC which are non-chemists. But in our case, the brands that we're looking at, they don't really need that additional push because they're predominantly in the chemist channel. So, in our case while we are optimistic that the OTC policy should be beneficial for us and the overall industry as well, it should be an incremental impact and not a significant change.

Dinesh Pathak: And in our current India portfolio, what is it that Shelcal is OTC or Shelcal is non-OTC?

Aman Mehta: So, we classify our consumer brands, which are four of them, so Shelcal being one, Tedibar being another, Ahaglow and Unienzyme, these 4.

Dinesh Pathak: And these would make up what percentage of the India revenue?

Aman Mehta: We don't have an exact number, but maybe between 10% to 15%. So, between that, I would say.

Dinesh Pathak: So, based on what you just explained about the policy doesn't seem to be like anything meaningful, either positive or negative for at least our portfolio in a way, right, because you're already promoting it through whatever ways and like you explained, I at least didn't get the impression that it is either positive or negative, like neutral, right?

Aman Gupta: It's hard to say, we'll have to wait for the policy to be finally, in its finest form, whatever the benefits are, we'll have to take a look. But as of now, it's hard to comment on how to quantify the impact.

Moderator: Thank you. Ladies and gentlemen, we have no further questions. I would now like to hand the conference over to Mr. Sanjay Gupta, Executive Director of International Business, for the closing comments. Over to you, sir.

Sanjay Gupta: Thank you, Dorwin. To conclude, I'd just like to say that we continue with our business focus on deepening our presence in the branded generic market as well as continuing to grow in Germany and trying to return to profitable growth in the US. Thank you for your interest and your participation in the call today.

Moderator: Thank you. On behalf of Torrent Pharma Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.